



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
801-359-3940 (Fax)
801-538-5319 (TDD)

September 10, 1996

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *LJB*

THRU: Lowell P. Braxton, Deputy Director *LJB*

THRU: Mary Ann Wright, Associate Director *M. A. Wright*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *aa*

RE: Request for Board Approval, Amount and Form of Reduced Reclamation Surety, San Rafael Energy, Inc., Snow Mine M/015/013, Four Corners Mine M/015/014, Emery County, Utah

The Division seeks Board approval of the amount and form of reduced reclamation surety provided by San Rafael Energy, Inc. for the Snow and Four Corners Mines, located in Emery County, Utah. Division and BLM staff last inspected the reclamation work at these sites during the end of May 1996 (copy of Division inspection memo attached). The Division authorized a partial release of reclamation surety in recognition of recently completed reclamation earthwork and requested the operator provide a surety amount sufficient to cover the costs of seeding the affected areas (copy of Division August 20, 1996 letter attached). The Division released a \$9,000 savings certificate (Snow Mine) and agreed to release the \$7,000 savings certificate (Four Corners Mine) after a replacement surety was provided. The form of replacement surety which is now being provided is a Certificate of Deposit, with Zions First National Bank for the amount of \$2,000.

Attached for your review are copies of the following documents:

1. August 14, 1996 inspection memo
2. August 20, 1996 letter
3. Summary checklist
4. Location map
5. Reclamation surety estimate
6. Reclamation Contract (From MR-RC)
7. Certificate of Deposit

Thank you for your time and consideration of this request.





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August 14, 1996

TO: Minerals File

FROM: Lynn Kunzler, Reclamation Specialist

RE: Site Inspection, San Rafael Energy, Inc., Snow Mine (4 acres), M/015/013, Probe Mine (2 acres), S/015/011, and Four Corners Mine (1/2 acre), M/015/014, Emery County, Utah

Date of Inspection: July 19, 1996

Time of Inspection: 9:30 a.m.

Conditions: Clear and warm

Participants: Vern Shumway and Lynn Kunzler, DOGM

Purpose of Inspection: Evaluate reclamation activities

On May 30, 1996 I met with Vern Shumway and Neil Simmons of the BLM to discuss on site reclamation activities and what would be required by the two agencies to reclaim the three referenced Mine sites.

At the Snow and Probe sites, the headframes need to be removed as well as the buildings. Mr. Shumway was given permission to use the debris to backfill the shafts to the extent possible. Cement caps were to be installed over each shaft. Permission was also granted to bury the one cement pad at the Snow site provided it was covered with a minimum of 4 feet of material. All road spurs at these two sites will need to be reclaimed by ripping and leaving in a rough condition to discourage vehicle use.

At the Four Corners site, the tunnel will need to be backfilled to the extent possible. The area will need to be regraded and debris removed. Seeding at all three sites will need to be done in late October.

On July 19, 1996, a return visit to these sites showed that structures had been removed, debris had been buried or hauled away, regrading had been completed, and roads (except the county roads) had been ripped. Work completed to date was satisfactory, and later phone contact with the BLM indicated that they were satisfied with the work as well. Mr. Shumway requested a seed mix for seeding this fall and indicated that seeding would be done by drilling. This should preclude the need to rip or disk the area before seeding to break the surface crust (it is expected that the seed drill will accomplish this task).

While at these sites, a vegetation survey was performed. At the Snow and Four Corners Mines, surrounding vegetation ground cover was determined to be 15% and at the Probe Mine, it was determined to be 12%. Vegetation was quite similar at all three sites. Dominant plant species were mat saltbush, fourwing saltbush, galleta, squirreltail, indian ricegrass, globemallow, ephedra and wild buckwheat.

jb

cc: Neil Simmons, BLM

M015013.ins



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August 20, 1996

CERTIFIED RETURN RECEIPT
P 074 978 997

Gary L. Jacobson
President
San Rafael Energy, Incorporated
P.O. Box 805
Moab, Utah 84532

Re: Partial Release of Reclamation Sureties, San Rafael Energy, Inc., Snow Mine M/015/013;
Four Corners M/015/014; and Probe Mine S/015/011, Emery County, Utah

Dear Mr. Jacobson:

On July 29, 1996, we received your letter requesting release of your reclamation bonds for the Snow, Four Corners and Probe mine sites, located in Emery County. On July 19, 1996, Division staff inspected these three mine sites and found the reclamation work completed thus far (earthwork, demolition and cleanup) to be satisfactory. Bureau of Land Management staff also inspected the sites and indicated to the Division they are satisfied with the work completed thus far. The partially reclaimed areas remain to be disked and seeded. Your contractor, Vern Shumway, indicated this seeding work would be performed this fall 1996.

The Division is prepared to partially release the reclamation sureties for these sites. A surety amount covering seeding costs will be retained until the revegetation at the sites has endured three growing seasons and/or achieves 70% of the pre-mining vegetation cover.

The reclamation surety posted with the Division for the Snow Mine is Savings Certificate No. 10804 with First Western National Bank in Moab for the sum of \$9,000. The reclamation surety posted with the Division for the Four Corners Mine is Savings Certificate No. 10805 with First Western National Bank in Moab for the sum of \$7,000. There is no surety posted for the Probe Mine which is categorized as a small mine. Copies of the Division's original reclamation estimates for the Snow and Four Corners Mine supporting these dollar amounts are attached. The Division has prepared a revised reclamation estimate for both mines (copy attached). The Division will require a reclamation surety in the amount of \$2,000 be retained for revegetation success at the Snow and Four Corners Mines.

The Division will release the original \$9,000 Savings Certificate to you at this time (enclosed). The Division will release the \$7,000 Savings Certificate after we have received a new

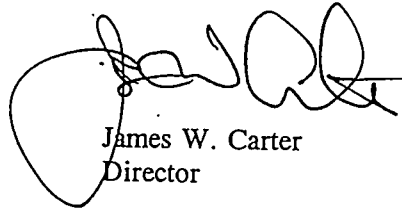
Page 2
Gary L. Jacobson
S/015/011
August 20, 1996

\$2000 replacement surety. You may post one new surety covering both operations. The replacement surety will have to be received by the Division before we can release the \$7,000 Savings Certificate. You may wish to have your financial institution contact us to work out the details of the surety replacement process to avoid overlap of committed funds. In addition to the replacement surety you will also need to submit a completed Reclamation Contract (FORM MR-RC). We have enclosed a blank Reclamation Contract Form and a guideline for completing the form. We suggest you keep a blank copy of this form on file until we have completed the surety replacement process. When you determine what type of replacement surety you wish to post for the reduced amount, please notify us so we may send you the appropriate forms.

The Probe Mine (file number S/015/011) is a small mine operation and has no surety requirement. Typically three growing seasons must pass before the Division can consider the site eligible for full reclamation release. Revegetation efforts must achieve the 70% success standard of the premining cover.

If you have any questions regarding this letter, please contact Wayne Hedberg or Tony Gallegos of the Minerals staff.

Very truly yours,



James W. Carter
Director

jb

Attachments: old DOGM surety estimates for Snow & Four Corners Mines, new DOGM surety estimate

Enclosures: original \$9,000 Savings Certificate No.10804

MR- RC Form & guideline for completion

cc: Neil Simmons, BLM, San Rafael RA w/ attachments

First Western National Bank, Moab UT 84532

sanrafel.rel

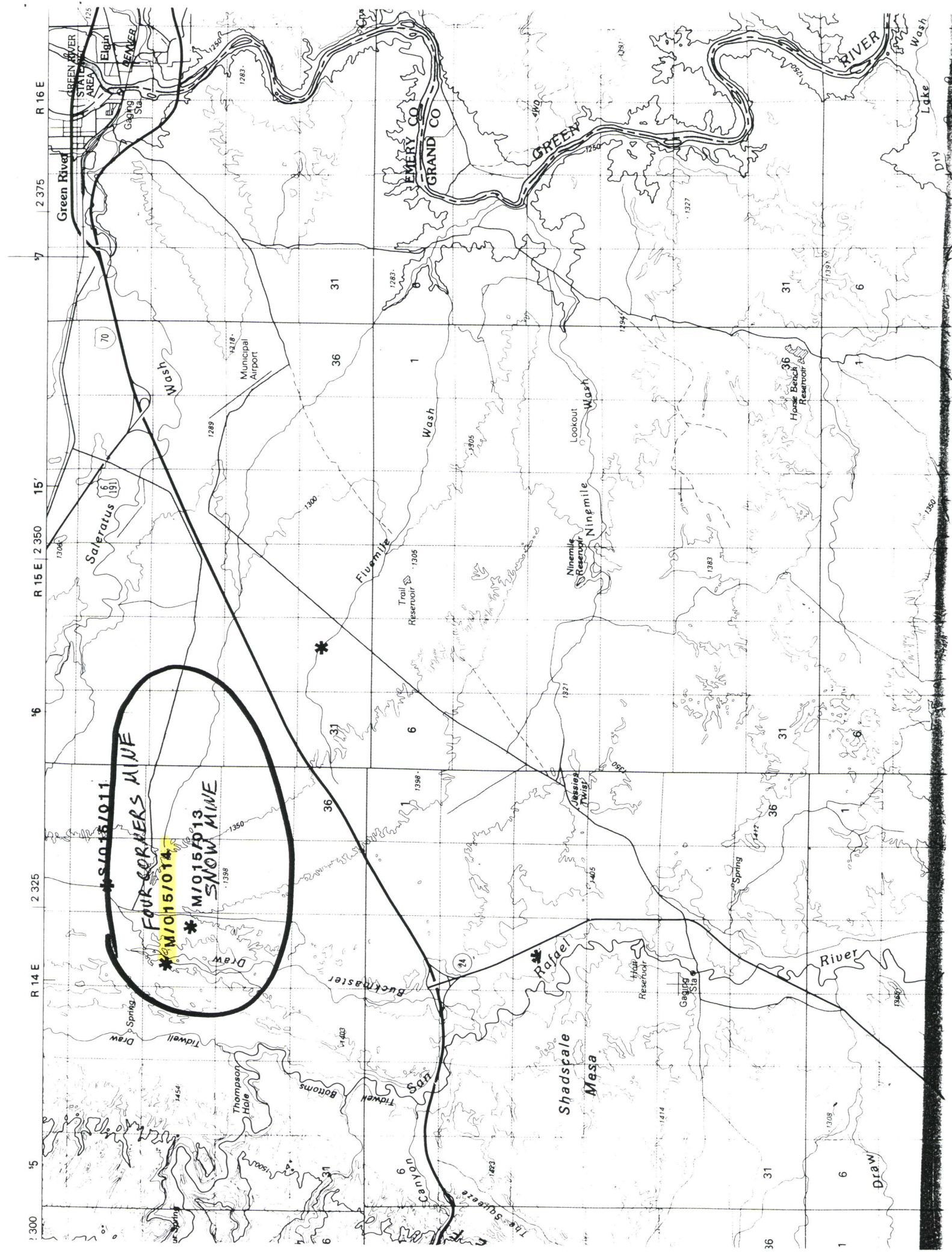
DOGM MINERALS PROGRAM

Checklist for Board Approval of FORM AND AMOUNT OF SURETY

Prepared September 11, 1996

Company Name: San Rafael Energy, Incorporated
 Mine Name: Snow Mine; Four Corners Mine
 File No.: M/015/013; M/015/014

Items	Provided		Remarks
	Yes	No	
Executive Summary		X	Reduction of Existing Surety
Location Map	X		
Reclamation Bond Estimate	X		
Signed Reclamation Contract		X	Draft version only; signed originals by Board Hearing date
Signed Power of Attorney/ Affidavit of Qualification		X	Unnecessary for Certificate of Deposit
Bond/Reclamation Surety	X		Certificate of Deposit - Signed cover letter by Board Hearing date
Surety Sign Off (Other State/Federal Agencies)		X	
RDCC contacted		X	



GEOLOGICAL SURVEY

JESSIE ~ TWIST QUAD MAP

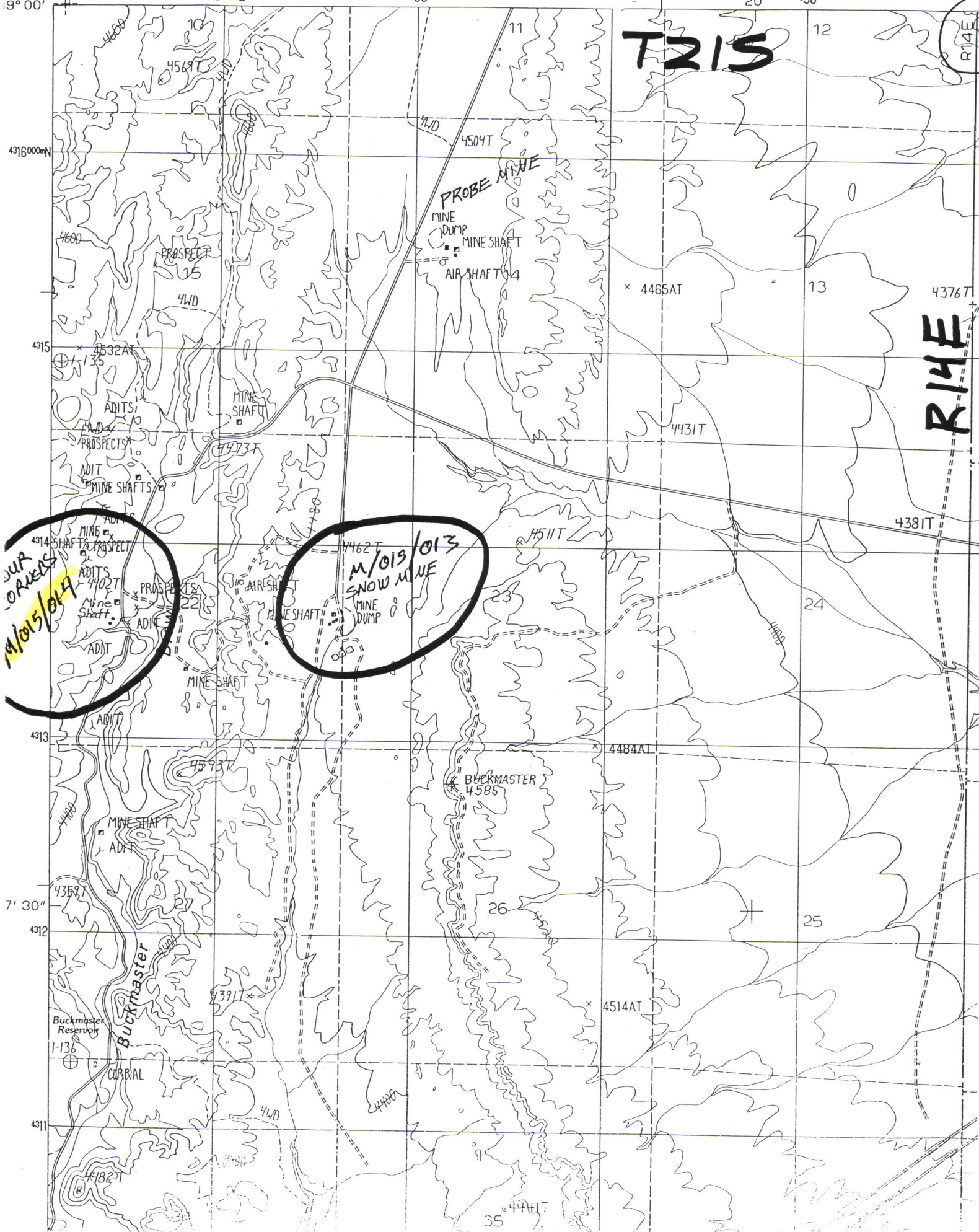
110° 22' 30"
9° 00'

555000E

556

20'

558



RECLAMATION ESTIMATE

DRAFT

San Rafael Energy, Inc.

last revision 08/15/96

Snow Mine M/015/013 &

Emery County

Four Corners Mine M/015/014

filename m15-13&.wb2

Prepared by Utah State Division of Oil, Gas & Mining

m/015/014

Reclamation Details

- This is the total surety amount to be retained for both mines
- Base costs from the DOGM 5/23/96 estimate are used in this estimate
- Snow Mine surety was \$9,000; Four Corners Mine surety was \$7,000
- Earthwork, demolition & cleanup work was completed June-July 1996
- A surety amount for disking & seeding will be retained & the remainder released
- 1989 unit costs are used in this estimate & the total escalated to current dollars
- Current dollar amount is escalated 3 years into the future (3 growing season poli
- ASSUME: mobilization of 1 tractor & disk
- Total disturbed acreage from 1989 DOGM estimates 6 acres

Description	Amount	\$/Unit	Cost-\$
Disking Snow Mine site	4 acre	23	92
Seedmix for Snow Mine site	4 acre	140	560
Seeding Snow Mine site	4 acre	12	48
Disking Four Corners Mine site	2 acre	23	46
Seedmix for Four Corners Mine site	2 acre	140	280
Seeding Four Corners Mine site	2 acre	12	24
subtotal 1989-\$			\$1,050

	year	factor	\$
Escalate to 1996 dollars	1989	0.0177	\$1,050
using actual escalation factors	1990	0.0077	\$1,058
	1991	0.0127	\$1,072
	1992	0.0221	\$1,095
	1993	0.0261	\$1,124
	1994	0.0321	\$1,160
	1995	0.0193	\$1,182
	1996	0.0258	\$1,213

Subtotal in 1996 dollars		\$1,213
Equipment mobilization	1 equip	500
		500
	Subtotal	1,713
	+ 10% CONTINGENCY	171
	Total 1996-\$	1,884
	+3yr ESCAL (2.58%)	150
	Total 1999-\$	\$2,034

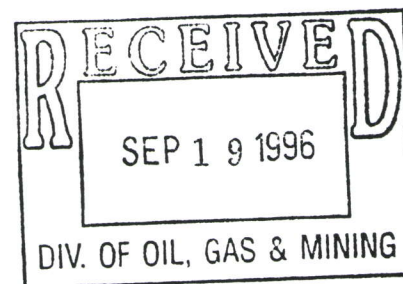
ROUNDED TOTAL IN 1999-\$ \$2,000

Average cost per disturbed acre = 333 \$/acre

Effective Date 9-30-96

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*This original
released + return
to operator w/ letter
dated 6/18/99*



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) (Mineral Mined)	<u>M/015/013 - Snow; M/015/014 - Four Corners Uranium</u>
"MINE LOCATION": (Name of Mine) (Description)	<u>Snow - M/015/013; Four Corners - M/015/014</u> <u>3 miles north of I-70</u> <u>Near Buckmaster Draw</u>
"DISTURBED AREA": (Disturbed Acres) (Legal Description)	<u>4 acres Snow; 2 acres Four Corners</u> <u>(refer to Attachment "A")</u>
"OPERATOR": (Company or Name) (Address)	<u>San Rafael Energy, Inc.</u> <u>P.O. Box 805</u> <u>Moab, Utah 84532</u>
(Phone)	<u>(801) 259-5961</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

Gary L. Jacobson

(Address)

P.O. Box 805

730 McCormick Blvd.

Moab, Utah 84532

(Phone)

(801) 259-4472

"OPERATOR'S OFFICER(S)":

Gary L. Jacobson, Pres.

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions Bank

Acct. No.

"SURETY AMOUNT":

(Escalated Dollars)

\$2,000

"ESCALATION YEAR":

1999

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between San Rafael Energy, Inc. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/015/013 & M/015/014 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Board and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated June 20, 1977, and the original Reclamation Plan dated June 20, 1977. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as


amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

San Rafael Energy, Inc.
Operator Name


By: Gary L. Jacobson
Authorized Officer (Typed or Printed)


Authorized Officer's Signature

9-16-96
Date

SO AGREED this 25th day of September, 19 96

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY 
Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

DIVISION OF OIL, GAS AND MINING:

By


James W. Carter, Director

Date

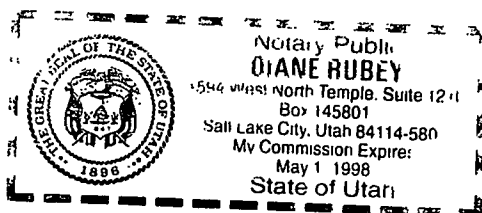
Sep 30, 1996

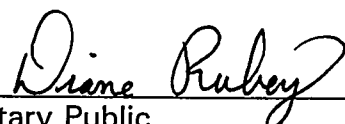
STATE OF Utah)

) ss:

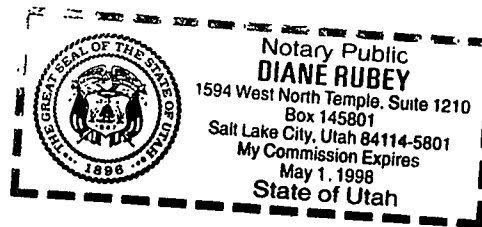
COUNTY OF Salt Lake)

On the 30th day of September, 19 96, personally appeared before me, who being duly sworn did say that he/~~she~~, the said James W. Carter is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing document by authority of law on behalf of the State of Utah.




Notary Public
Residing at: Salt Lake City, Utah

5-1-98
My Commission Expires:



OPERATOR:

San Rafael Energy, Inc.
Operator Name

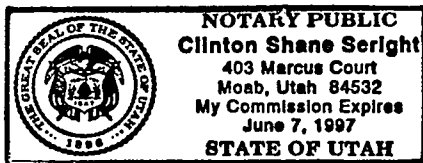
By Gary L. Jacobson, Pres.
Corporate Officer - Position

9-16-96
Date

[Signature]
Signature

STATE OF Utah)
) ss:
COUNTY OF Grand)

On the 16th day of September, 19 96, personally
appeared before me Gary L. Jacobson who
being by me duly sworn did say that he/she, the said Gary L. Jacobson
is the President of San Rafael Energy, Inc.
and duly acknowledged that said instrument was signed on behalf of said company
by authority of its bylaws or a resolution of its board of directors and said
Gary L. Jacobson duly acknowledged to me that said
company executed the same.



[Signature]
Notary Public
Residing at: Moab, UT

6-7-97
My Commission Expires:

ATTACHMENT "A"

San Rafael Energy, Inc.
Operator

Snow Mine; Four Corners Mine
Mine Name

M/015/013; M/015/014
Permit Number

Emery County, Utah

The legal description of lands to be disturbed is:

Snow Mine - M/015/013

Approximately 4 acres located in:

NE 1/4 SE 1/4 Section 22, T21S, R14E, SLBM

NW 1/4 SW 1/4 Section 23, T21S, R14E, SLBM

Four Corners Mine - M/015/014

Approximately 2 acres located in:

E 1/4 NW 1/4 Section 22, T21S, R14E, SLBM



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

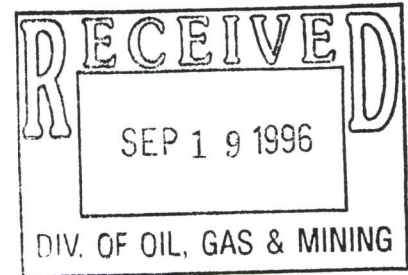
Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

September 11, 1996

*This original CD
Released &
returned to
operator w/ 6/8/99
letter.*



Connie Sheffer
Zions Bank
P.O. Box 249
Moab, Utah 84532

Re: Certificate of Deposit for San Rafael Energy, Inc., Snow Mine and Four Corners Mine, M/015/013 and M/015/014, Emery County, Utah

This is in regards to regulatory requirements of the mining statute and rules of the State of Utah, Division of Oil, Gas and Mining, governing the operations and reclamation of the Snow and Four Corners Mine, Permit Number M/015/013 and M/015/014 respectively, operated by San Rafael Energy, Inc.

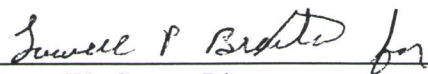
A Certificate of Deposit will be issued by Zions Bank for \$2,000 and be automatically renewable upon expiration. The Certificate should be made out in the name of the State of Utah, Division of Oil, Gas and Mining. The interest earned by the Certificate of Deposit for the first three months will be added back on to the Certificate of Deposit. After that, the interest earned will be dispersed quarterly and deposited into San Rafael Energy, Inc.'s account. If the Certificate is redeemed before the maturity date and the penalty reduces the face value of \$2,000, the State of Utah, Division of Oil, Gas and Mining will go to San Rafael Energy, Inc. for reimbursement of that loss. If redeemed after the maturity date, then \$2,000 will go to the State of Utah, Division of Oil, Gas and Mining and the remaining balance will go to San Rafael Energy, Inc.'s account. The Certificate of Deposit can only be redeemed by the State of Utah, Division of Oil, Gas and Mining.

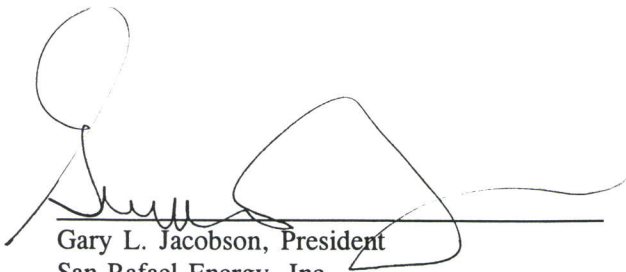
If the statute or rules of the State of Utah, Division of Oil, Gas and Mining are violated with respect to the operation or reclamation of the Snow Mine and Four Corners Mine covered by this surety, the State of Utah, Division of Oil, Gas and Mining has the authority to call the Certificate on demand, for the full amount of \$2,000. Any loss due to an early redemption penalty will be the responsibility of San Rafael Energy, Inc. and will not be the expense or responsibility of the State of Utah.

The Division Director's signature, James W. Carter (or the appropriate Division Director at that time), will be required to call the Certificate or release said funds back to San Rafael Energy, Inc.

Zions Bank will not be held liable for any dispute between the parties. These rules pertain to the Certificate of Deposit Number:

Agreed upon by:


James W. Carter, Director,
Division of Oil, Gas and Mining


Gary L. Jacobson, President
San Rafael Energy, Inc.

Tax I.D. Number: 87-6000545

Tax I.D. Number: 87-0471247



Original CD
released and
returned to
operator with
6/8/99 letter.

m/015/014

ZIONS BANK

TIME DEPOSIT CONFIRMATION

Account Number: _____

Date: 09-04-96

Ownership: UTAH STATE DIV OF OIL GAS AND MINING

Purchase Amount: *****2,000.00

Term: 012

☒ Months ☐ Days

Interest Rate: 04.70

Annual Percentage Yield: 04.78

Maturity Date: 09-04-97

Interest Payment Frequency: ☐ At Maturity ☐ Annually ☒ Quarterly ☐ Monthly

Interest Payment Method: ☐ Add to Deposit ☐ Issue Check ☒ Transfer to Account Number: _____

☒ Checking/MMDA ☐ Savings

Zions Bank Representative Signature: Renee fdl

This confirmation is not negotiable. This confirmation is not transferrable except on the records of Zions Bank. The Certificate of Deposit is issued in accordance with Zions Bank Rules and Regulations.